
THE CORPORATION OF THE COUNTY OF LAMBTON

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

**THE CORPORATION OF THE COUNTY OF LAMBTON
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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BDO Dunwoody LLP
Chartered Accountants
and Advisors

250 Christina Street N.
Kenwick Place
P.O. Box 730
Sarnia Ontario Canada N7T 7J7
Telephone: (519) 336-9900
Fax: (519) 332-4828
www.bdo.ca

Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of the The Corporation of the County of Lambton

We have audited the consolidated statement of financial position of the The Corporation of the County of Lambton as at December 31, 2007 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the The Corporation of the County of Lambton as at December 31, 2007 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Sarnia, Ontario
April 30, 2008

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2007**

	2007 ACTUAL \$	2006 ACTUAL \$
<u>ASSETS</u>		
Financial Assets		
Cash and Temporary Investments (Note 4)	25,717,680	21,196,388
Accounts Receivable	8,434,083	10,744,393
Investment in Community Development Corporation (Note 5)	4,895,016	1,724,644
Total Financial Assets	39,046,779	33,665,425
Other Assets		
Inventories	439,081	435,439
Prepaid Expenditures	873,329	862,955
Total Other Assets	1,312,410	1,298,394
TOTAL ASSETS	40,359,189	34,963,819
<u>LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	18,128,854	12,042,732
Deferred Grant (Note 6)	3,406,169	7,372,763
Interest on Debt	473,200	503,761
Long Term Debt (Note 7)	26,198,605	28,208,619
Landfill Closure & Post Closure (Note 12)	5,955,411	5,685,228
Employment Benefits Payable (Note 2)	1,870,389	1,487,526
TOTAL LIABILITIES	56,032,628	55,300,629
<u>MUNICIPAL POSITION</u>		
CURRENT FUND, at end of the year - see Page 12, Note 8	4,895,017	1,724,645
CAPITAL FUND, at end of the year - see Page 13, Note 9	(267,978)	1,125,828
RESERVES FUND, at end of the year - see Page 14	9,351,292	7,876,754
CAPITAL RESERVE FUND, at end of the year - see Page 15	4,845,835	4,821,097
FUND BALANCES	18,824,166	15,548,324
AMOUNTS TO BE RECOVERED	34,497,605	35,885,134
NET MUNICIPAL FUND POSITION	(15,673,439)	(20,336,810)
TOTAL LIABILITIES AND MUNICIPAL POSITION	40,359,189	34,963,819

The accompanying notes are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 BUDGET \$	2007 ACTUAL \$	2006 ACTUAL \$
REVENUE			
Taxation	58,418,105	58,528,955	56,112,420
Federal Government Transfers	1,634,769	1,724,539	2,737,903
Provincial Government Transfers	68,209,234	58,762,904	55,947,964
Other Municipalities	678,766	1,322,921	585,823
User Charges	24,922,114	27,241,776	24,645,042
Investment Income	120,917	879,088	617,861
Donations	347,972	180,702	136,957
Other Capital Contributions	387,846	818,944	222,189
Community Development Corporation Share of Income	0	3,170,372	598,856
	<u>154,719,723</u>	<u>152,630,201</u>	<u>141,605,015</u>
EXPENDITURES			
General Government	8,723,420	8,935,336	8,503,302
Protection Services	3,213,184	3,799,173	3,226,456
Transportation Services	16,136,504	16,644,547	13,983,846
Environmental Services	7,517,485	7,540,413	5,725,302
Health Services	19,039,234	19,218,316	17,246,602
Social and Family Services	80,249,952	73,672,629	69,482,345
Social Housing	8,619,549	8,046,351	6,994,554
Recreation and Cultural Services	6,463,025	6,709,561	6,271,697
Planning and Development	3,441,692	3,400,504	3,276,924
	<u>153,404,045</u>	<u>147,966,830</u>	<u>134,711,028</u>
NET REVENUE (EXPENDITURES)	1,315,678	4,663,371	6,893,987
FINANCING AND TRANSFERS			
Add: Debentures Issued	608,500	380,080	2,571,565
Less: Debentures Repaid	(2,379,715)	(2,390,094)	(2,431,897)
Add: Employee Benefits & Interest on Long Term Debt	0	352,302	91,990
Add: Landfill Closure & Post Closure	0	270,183	(1,483,879)
	<u>(1,771,215)</u>	<u>(1,687,629)</u>	<u>(1,049,121)</u>
CHANGE IN FUND BALANCES	(455,537)	3,275,842	5,641,766
DIFFERENCE REPRESENTED BY CHANGES IN FUND BALANCE:			
CURRENT - see Page 12	0	3,170,372	730,437
CAPITAL - see Page 13	0	(1,393,806)	1,239,261
RESERVES - see Page 14	242,143	1,474,538	2,928,573
CAPITAL RESERVE - see Page 15	(697,680)	24,738	743,495
	<u>(455,537)</u>	<u>3,275,842</u>	<u>5,641,766</u>

The accompanying notes are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 ACTUAL \$	2006 ACTUAL \$
OPENING CASH AND TEMPORARY INVESTMENTS	<u>21,196,388</u>	<u>10,308,220</u>
OPERATIONS		
Net Revenue (Expenditures)	4,663,371	6,893,987
CHANGE IN NON-CASH WORKING CAPITAL BALANCES		
ADD:		
Decrease in Accounts Receivable	2,310,310	0
Increase in Accounts Payable and Accrued Liabilities	6,086,122	3,631,821
Increase in Deferred Grant	0	7,372,763
LESS:		
Decrease in Deferred Grant	3,966,594	0
Increase in Accounts Receivable	0	4,877,298
Increase in Inventories	3,642	49,666
Increase in Prepaid Expenditures	<u>10,374</u>	<u>232,362</u>
Net Cash From Operations	<u>9,079,193</u>	<u>12,739,245</u>
INVESTING ACTIVITIES		
Increase in Community Development Corporation Investment	<u>(3,170,372)</u>	<u>(598,856)</u>
FINANCING ACTIVITIES		
Long Term Debt Issued	380,080	2,571,565
Long Term Debt Repaid	(2,390,094)	(2,431,897)
Employee Benefits & Interest on Long Term Debt	352,302	91,990
Landfill Closure & Post Closure	<u>270,183</u>	<u>(1,483,879)</u>
Net Cash From Financing Activities	<u>(1,387,529)</u>	<u>(1,252,221)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>4,521,292</u>	<u>10,888,168</u>
CLOSING CASH AND TEMPORARY INVESTMENTS	<u>25,717,680</u>	<u>21,196,388</u>
REPRESENTED BY:		
CASH	25,638,622	21,120,668
TEMPORARY INVESTMENTS	<u>79,058</u>	<u>75,720</u>
	<u>25,717,680</u>	<u>21,196,388</u>

The accompanying notes are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007**

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the County of Lambton (Municipality) are the representation of management and have been prepared in accordance with generally accepted accounting principles for municipal governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) (i) Basis of Consolidation

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the current fund, capital fund, reserve, and capital reserve fund.

All inter-fund assets and liabilities and sources of financing and expenditures have been eliminated.

(ii) Government business enterprises are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprises are reflected in the consolidated financial statements:

- Community Development Corporation

(iii) Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Funds Financial Report".

(b) Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting.

(ii) The accrual basis of accounting recognizes revenues, as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Revenue Recognition

Taxation revenue is recognized in the year that the taxes are levied.

Government transfer revenues are recognized when the amount has been determined and approval has been obtained. If the government transfers relate to specific expenditures, the revenue is recognized when the resources have been used for the specific purpose.

User charges are recorded when the amount is determinable, collectibility is assured and the services provided.

Investment income is recorded as earned.

Donations are recorded when the amount is determinable and collectibility is reasonably assured.

(iv) Capital Assets

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007**

- (v) **Amounts to be Recovered**
Amounts to be recovered makes up a part of the Municipal position, which includes balances for interest on long term debt, outstanding net long term liabilities and liabilities for accrued employee benefits.
- (vi) **Inventories**
Inventories are stated at the lower of cost and net realizable value. Cost is determined on the average cost basis.
- (vii) **Temporary Investments**
Temporary investments are recorded at the lower of cost and market value.

2. EMPLOYEE BENEFITS PAYABLE

Employee benefits payable are comprised of the following:

	2007	2006
	\$	\$
Liability for vacation credits	1,639,401	1,284,948
Liability for vested sick benefits	<u>230,988</u>	<u>202,578</u>
	<u>1,870,389</u>	<u>1,487,526</u>

Liability for Vacation Credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as of December 31, 2007 is \$1,639,401 (2006 - \$1,284,948).

Liability for Vested Sick Leave Benefits

Under the terms of the sick leave benefit plan, unused sick leave can increase according to remuneration increases and employees may become entitled to a cash payment of 10% annually, 100% upon termination or up to 100% by special request to County Council. The vested portion of sick leave days is payable to a maximum of one-half year's salary.

This plan is no longer in effect for accumulation of additional sick leave days, with the exception of members of CEP Local 65 and ONA Local 116.

To the extent that these accumulated days have vested and can be taken in cash by the employee, this liability amounted to \$230,988 (2006 - \$202,578) at the end of the year. An amount of \$786 (2006 - \$1,859) was paid to employees who left the Municipality's employment during the current year.

A reserve has been established to provide for this past service liability. The balance at the end of the year is \$233,082 (2006 - \$203,869).

3. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$240,804 (2006 - \$238,330) have not been included in the "Consolidated Statement of Financial Position", nor have their operations been included in the "Consolidated Statement of Financial Activities".

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007**

4. CASH AND TEMPORARY INVESTMENTS

	2007	2006
	<u>\$</u>	<u>\$</u>
Cash on Hand and in Banks	25,638,622	21,120,668
Temporary Investments	<u>79,058</u>	<u>75,720</u>
	<u>25,717,680</u>	<u>21,196,388</u>

The Municipality's cash is held at two Canadian chartered banks and earn interest based on the 30 day average bankers acceptance (BA) rate.

The temporary investments, held in a money market fund, are due on demand.

The Municipality has a \$5,500,000 demand operating line available to it. Interest rate of prime less 1.0% is charged on money borrowed. As a December 31, 2007, the Municipality has not drawn anything on the operating line.

5. GOVERNMENT BUSINESS ENTERPRISES

The following summarizes the financial position and operations of the government business enterprises which have been reported in these financial statements using the modified equity method:

- Community Development Corporation

The Community Development Corporation is a corporation incorporated under the laws of the Province of Ontario. It has partnered with the University of Western Ontario to establish a university styled research and development park to act as a conduit for the delivery of professional development, education via interaction among institutions of higher education, contract research, technology transfer and commercialization of intellectual property. The Corporation of the County of Lambton owns 100% of the outstanding shares of the Community Development Corporation.

	November 30, 2007	November 30, 2006
	<u>\$</u>	<u>\$</u>
Assets	<u>9,771,256</u>	<u>6,934,496</u>
Liabilities	4,876,240	5,209,852
Surplus	<u>4,895,016</u>	<u>1,724,644</u>
	<u>9,771,256</u>	<u>6,934,496</u>
Revenues	4,042,312	1,425,646
Expenditures	<u>871,940</u>	<u>826,790</u>
Net revenue for the year	<u>3,170,372</u>	<u>598,856</u>

6. DEFERRED GRANTS

The balance of \$3,406,169 represents monies received in 2006 for the Best Start Program and are still unspent at December 31, 2007.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007**

7. LONG TERM DEBT

- (a) The balance of the long term debt reported on the Consolidated Statement of Financial Position is:

Total long term debt incurred by the Municipality, including those incurred on behalf of local (lower tier) municipalities, and outstanding at the end of the year:

	2007	2006
	<u>\$</u>	<u>\$</u>
Lambton Health Unit	417,000	607,000
Lambton Meadowview Villa	2,750,700	3,087,835
Roads-Transfer to Local Municipalities	0	379,000
Roads	2,141,043	2,348,523
Homes Rebuild	18,601,991	19,475,995
Emergency Medical Services	1,102,558	1,205,810
Community Health Services	7,813	10,724
County Administration Building	145,965	163,855
Housing	99,501	102,636
Library	36,431	40,381
Lambton Heritage Museum	101,720	112,749
Lambton Area Waterworks Supply System	23,755,000	25,305,000
City of Sarnia	9,659,000	10,570,000
County of Lambton Community Development Corp.	3,306,586	3,763,698
Capital Leases	<u>793,883</u>	<u>674,111</u>
	62,919,191	67,847,317
Long term debt assumed by local (lower tier) municipalities and others (Note 17)	<u>36,720,586</u>	<u>39,638,698</u>
Net long term debt at the end of the year	<u>26,198,605</u>	<u>28,208,619</u>

- (b) Of the long term debt reported in (a) of this note, \$42,225,755 in principal payments are payable from 2008 to 2012 \$18,143,485 from 2013 to 2017, and \$2,549,951 thereafter and are summarized as follows:

	Years 2008 2012	Years 2013 2017	Years 2018 Thereafter	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
from general municipal revenue	20,199,726	3,448,928	2,549,951	26,198,605
from local (lower tier) municipalities	<u>22,026,029</u>	<u>14,694,557</u>	<u>0</u>	<u>36,720,586</u>
	<u>42,225,755</u>	<u>18,143,485</u>	<u>2,549,951</u>	<u>62,919,191</u>

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007**

- (c) The long-term debt in (a) issued in the name of the Municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law.

Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term debt and commitments to be financed by revenues beyond the term of council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law.

The principal and interest payments required to service these actual and pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs. The annual repayment limit to be effective January 1, 2008 has been authorized at \$13,706,250. Actual annual repayment of principal and interest in 2007 was \$3,997,670 (2006 - \$4,041,454). Interest rates on long term debt vary between 4.44% and 6.75%.

- (d) On May 9, 1997, the Municipality, on behalf of 10 member municipalities, refinanced the Ontario Clean Water Agency (OCWA) debt for the Lambton Area Waterworks Supply System (LAWSS). The debenture issue, in the amount of \$35,506,000, will require annual principal and interest payments of approximately \$3,450,000 over 20 years. Annual payments made by the Municipality will be recovered 100% from the participating municipalities.

8. CURRENT FUND

	<u>2007</u>	<u>2006</u>
Available to offset future revenue requirements	\$4,895,017	\$1,724,645

9. CAPITAL FUND

	<u>2007</u>	<u>2006</u>
Funds available for the acquisition of capital assets	\$(267,978)	\$1,125,828

10. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 725 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2007 was \$2,440,294 (2006 - \$2,227,405) for current service and is included as an expenditure on the Consolidated Statement of Financial Activities. The OMERS Board rate was 6.5% to 9.6% depending on income level for 2007 (2006 - 6.5% to 9.6% depending on income level).

The Municipality makes no contributions under the past services provisions of the OMERS Agreement.

11. SARNIA-LAMBTON ECONOMIC PARTNERSHIP ASSOCIATION

The Sarnia-Lambton Economic Partnership Association (SLEP) is an independent body charged with responsibility for managing economic development within the County of Lambton. It is jointly funded by the Municipality, local municipalities, the private sector and senior levels of government. The Municipality provided \$900,000 (2006 - \$875,000) in operating funds during 2007. SLEP has not been consolidated.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007**

12. LIABILITY FOR LANDFILL CLOSURE AND POST CLOSURE COSTS

The Ontario Environmental and Protection Act sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The estimated liability of \$5,955,411 (2006 - \$5,685,228) represents the sum of the discounted future cash flows for closure and post closure care activities discounted at the Municipality's current long term borrowing rate of 5.5%. The estimated remaining capacity of the Municipality's sites are approximately 302,000 cubic metres, which will be filled in 5 years. Post-closure care is estimated to continue for a period of 25 years.

The Municipality has established a reserve fund in order to fund this future liability. The fund is currently valued at \$1,440,093.

13. EXPENDITURE BY OBJECT

Total current expenditures for the year reported on the consolidated statement of financial activities are as follows:

	2007	2006
	\$	\$
Salaries, wages and employee benefits	52,971,436	49,316,769
Materials	41,296,889	37,258,246
Contracted services	6,713,469	6,104,053
Rents and financial expenses	3,620,981	2,957,719
Interest on long-term debt	1,607,576	1,609,557
Contributions to other organizations	26,708,214	25,340,193
	<u>132,918,565</u>	<u>122,586,537</u>

14. ADOPTION OF PUBLIC SECTOR ACCOUNTING RECOMMENDATIONS

Commencing in 2000, the Municipality adopted the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, with the exception of Section 3270, Solid Waste Landfill Closure and Post-Closure Liability, which was implemented in 2002, as directed by the Ministry of Municipal Affairs and Housing.

15. TANGIBLE CAPITAL ASSETS

For the year ending December 31, 2009 the municipality will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible capital assets of that category. As of December 31, 2007 the Municipality had not completed gathering information for any asset classes.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2007**

16. COMMITMENTS

The Municipality routinely enters into short term lease arrangements for the supply of vehicles, photocopiers, postage machines and other such similar office equipment. Annual payments in 2007 amounted to \$141,488.

The Municipality has entered into an agreement with the Bluewater Health Foundation to provide a grant of \$15 million dollars to the Foundation over a ten year period commencing October 1, 2006 and ending October 1, 2015. The Municipality will pay the Foundation \$1.5 million on October 1 of each year the Foundation complies with the terms of the agreement. The Foundation must provide the County with a statement of account for each year that it receives the Annual Contribution no later than six months after the receipt of the contribution. The statement of account shall include details on capital expenditures made on the project with the proceeds of the grant to date, a statement that only capital expenditures are paid with the proceeds of the Grant, a signature by a person with signing authority for the Foundation and original receipts if requested by the County. At December 31, 2007 a total of \$3.0 million has been paid.

17. CONTINGENT LIABILITIES

The Municipality is contingently liable for long term liabilities issued in its name but for which the responsibility for the payment of principal and interest has been assumed by local (lower tier) municipalities and the County of Lambton Community Development Corporation. The total amount outstanding as at December 31, 2007 is \$36,720,586 (2006 - \$39,638,698) and is not recorded on the Consolidated Balance Sheet.

The Municipality is currently involved in litigation with the AXA Pacific Insurance Company regarding what expenditures are eligible for reimbursement under certain performance bonds. The Municipality's management is of the opinion that the Municipality has claims against the insurer and its contractors that exceed any claims being advanced against it. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

The Municipality is a defendant in various legal actions. The ultimate outcomes are indeterminable at December 31, 2007 as litigation is still in progress. The Municipality's management is of the opinion that the Municipality has adequate insurance coverage to offset the amount of the claims and related costs, if any. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

18. USE OF ACCOUNTING ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

In particular, management's estimate for the Landfill closure and post closure liability is subject to measurement uncertainty. The estimate is based on assumptions and calculations prepared by the County's Public Works engineering staff. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates, future use of the landfill site, etc.

**THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF CURRENT FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 BUDGET \$	2007 ACTUAL \$	2006 ACTUAL \$
REVENUE			
Taxation	51,603,460	51,714,310	51,794,402
Federal Government Transfers	28,058	67,802	71,368
Provincial Government Transfers	65,387,708	55,230,728	51,604,065
Other Municipalities	678,766	733,674	585,823
User Charges	24,922,114	27,241,776	24,645,042
Investment Income	120,917	675,427	424,827
Donations	47,972	180,702	124,736
Community Development Corporation Share of Income	0	3,170,372	598,856
	<u>142,788,995</u>	<u>139,014,791</u>	<u>129,849,119</u>
EXPENDITURES			
General Government	7,855,074	7,912,140	7,769,616
Protection Services	3,213,184	3,799,173	3,226,456
Transportation Services	6,524,398	7,014,127	5,258,542
Environmental Services	7,217,485	7,534,248	5,688,425
Health Services	18,132,234	18,488,163	17,003,216
Social and Family Services	79,818,952	71,383,706	67,706,441
Social Housing	7,736,849	6,866,840	6,415,829
Recreation and Cultural Services	6,318,761	6,519,664	6,241,088
Planning and Development	3,441,692	3,400,504	3,276,924
	<u>140,258,629</u>	<u>132,918,565</u>	<u>122,586,537</u>
NET REVENUE (EXPENDITURES)	2,530,366	6,096,226	7,262,582
FINANCING AND TRANSFERS			
Debt Principal Repayments	(2,379,715)	(2,390,094)	(2,431,897)
Transfer From Reserve Fund	863,274	1,069,759	898,943
Transfer From Capital Reserve Fund	1,599,256	1,645,100	1,663,839
Transfer From Capital Fund	0	52,948	30,099
Transfer To Reserve Fund	(1,253,209)	(1,943,521)	(2,688,561)
Transfer To Capital Reserve Fund	(1,359,972)	(1,982,531)	(2,612,679)
Employee Benefits and Interest on Long Term Debt	0	352,302	91,990
Landfill Closure and Post Closure	0	270,183	(1,483,879)
CHANGE IN CURRENT FUND	0	3,170,372	730,437
CURRENT FUND SURPLUS, at beginning of the year	1,724,645	1,724,645	994,208
CURRENT FUND SURPLUS, at end of the year	1,724,645	4,895,017	1,724,645

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 BUDGET \$	2007 ACTUAL \$	2006 ACTUAL \$
REVENUE			
Taxation	6,814,645	6,814,645	4,318,018
Federal Government Transfers	1,606,711	1,656,737	2,666,535
Provincial Government Transfers	2,821,526	3,532,176	4,343,899
Other Municipalities	0	589,247	0
Investment Income	0	0	17,329
Donations	300,000	0	12,221
Other	387,846	818,944	222,189
	<u>11,930,728</u>	<u>13,411,749</u>	<u>11,580,191</u>
EXPENDITURES			
General Government	868,346	1,023,196	733,686
Transportation Services	9,612,106	9,630,420	8,725,304
Environmental Services	300,000	6,165	36,877
Health Services	907,000	730,153	243,386
Social and Family Services	431,000	2,288,923	1,775,904
Social Housing	882,700	1,179,511	578,725
Recreation and Cultural Services	144,264	189,897	30,609
	<u>13,145,416</u>	<u>15,048,265</u>	<u>12,124,491</u>
NET REVENUE (EXPENDITURES)	(1,214,688)	(1,636,516)	(544,300)
FINANCING AND TRANSFERS			
Proceeds From Debenture	608,500	380,080	2,571,565
Transfer From Reserve Fund	1,231,000	6,803,822	4,706,508
Transfer From Capital Reserve Fund	1,000,000	1,057,958	905,542
Transfer To Current Fund	0	(52,948)	(30,099)
Transfer To Reserve Fund	(1,083,208)	(7,404,598)	(5,845,463)
Transfer To Capital Reserve Fund	(541,604)	(541,604)	(524,492)
CHANGE IN CAPITAL FUND	0	(1,393,806)	1,239,261
UNEXPENDED CAPITAL FINANCING (UNFINANCED CAPITAL OUTLAY), at beginning of the year	<u>1,125,828</u>	<u>1,125,828</u>	<u>(113,433)</u>
UNEXPENDED CAPITAL FINANCING (UNFINANCED CAPITAL OUTLAY), at end of the year	<u>1,125,828</u>	<u>(267,978)</u>	<u>1,125,828</u>

The accompanying notes are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF RESERVE OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 BUDGET \$	2007 ACTUAL \$	2006 ACTUAL \$
INTER-FUND TRANSFERS TO:			
Current Fund	863,274	1,069,759	898,943
Capital Fund	1,231,000	6,803,822	4,706,508
	<u>2,094,274</u>	<u>7,873,581</u>	<u>5,605,451</u>
INTER-FUND TRANSFERS FROM:			
Current Fund	1,253,209	1,943,521	2,688,561
Capital Fund	1,083,208	7,404,598	5,845,463
	<u>2,336,417</u>	<u>9,348,119</u>	<u>8,534,024</u>
CHANGE IN RESERVES	242,143	1,474,538	2,928,573
RESERVE BALANCE, at beginning of the year	<u>7,876,754</u>	<u>7,876,754</u>	<u>4,948,181</u>
RESERVE BALANCE, at end of the year	8,118,897	9,351,292	7,876,754
REPRESENTED BY:			
Reserve for Sick Leave	203,868	233,082	203,869
Reserve for Working Funds	880,496	773,046	880,496
Reserve for Future Operations	7,034,533	8,345,164	6,792,389
	<u>8,118,897</u>	<u>9,351,292</u>	<u>7,876,754</u>

The accompanying notes are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF CAPITAL RESERVE FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 BUDGET \$	2007 ACTUAL \$	2006 ACTUAL \$
REVENUE			
Interest Income	0	203,661	175,705
Other Income	0	0	0
NET REVENUE	0	203,661	175,705
INTER-FUND TRANSFERS:			
From Current Fund	1,359,972	1,982,531	2,612,679
From Capital Fund	541,604	541,604	524,492
To Current Fund	(1,599,256)	(1,645,100)	(1,663,839)
To Capital Fund	(1,000,000)	(1,057,958)	(905,542)
CHANGE IN CAPITAL RESERVE FUND	(697,680)	24,738	743,495
CAPITAL RESERVE FUND BALANCE, at beginning of year	4,821,097	4,821,097	4,077,602
CAPITAL RESERVE FUND BALANCE, at end of the year	4,123,417	4,845,835	4,821,097
REPRESENTED BY:			
Gallery Lambton Capital Reserve Fund	23,014	29,817	22,215
Library Piano Capital Reserve Fund	19,409	20,140	22,409
Waste Management Capital Reserve Fund	957,099	1,440,093	1,282,099
Lambton Heritage Museum Capital Reserve Fund	52,551	76,234	58,611
Oil Museum Capital Reserve Fund	5,195	6,294	9,195
Capital Reserve Fund	2,640,919	2,825,575	3,001,338
Senior Services Capital Reserve Fund	0	3,802	0
Social Housing Capital Reserve Fund	414,508	432,879	414,508
R.T. Bradley Capital Reserve Fund	10,722	11,001	10,722
	4,123,417	4,845,835	4,821,097

The accompanying notes are an integral part of this financial statement.